
GARP Webcast

Data Management and Systemic Risk Regulation

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Global Association
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Allan D. Grody is the President of Financial InterGroup Holdings Ltd; a former partner and founder of Coopers & Lybrand's (now PWC's) Financial Services Consulting Practice; a former adjunct professor and founder of the risk management systems program at NYU's Stern Graduate School of Business; and a former practitioner in the commercial finance, international banking, investment management and securities industries.

He has authored many academic papers and trade articles on the intersection of Data Management and Risk Management. He is a founding editorial board member of the Journal of Risk Management in Financial Institutions. His company and other partner organizations have one of the leading proposals under consideration by the US Treasury, SEC and CFTC to establish and administer global data standards for identification of financial intermediaries, financial market participants, financial instruments and contracts, and financial events.

The Devil in the Data

Allan Grody
Financial InterGroup

The Devil in the Data

Financial Instruments/Contracts

Reference data sourced and interpreted manually from legal documents by vendors and financial intermediaries

Financial Intermediaries

Reference data created in each firm from credit reports, account opening documentation, government registries

Business /Legal Entities

Same process as Financial Instruments and Financial Intermediaries

Costly, error prone. Improvements coming through XML schemes but in its infancy.

Improvements coming through separating “accounts” from business entities and standardizing the later

Regulatory compulsion is spawning new ideas on how to identify standards for unique, unambiguous and universal identification. Creating the LEI, UCI, UIC, et al through initiatives of the OFR, CFTC and SEC

Standards – Key to Aggregating Data

Financial Instruments/Contracts

FpML for contract definitions

Business /Legal Entities

At source self-registration of identification

XBRL/FpML as the data container for automating the process of issuers and contracts for STP reference data entry into product utility(s)

XBRL as the data container for STP entry of reference data into LEI data utility(s)

The Last Mile

Valuation	Global Aggregation	Confidentiality	Policy
Price/expanded data attribute standardization	BIG Data DUMP vs. ad-hoc query and aggregation on the fly	Redaction of data for broad marketplace analysis, availability of identity of counterparties for regulators upon request	Multiple agencies and global regulators will be hard pressed to decide on common actions before a systemic events occurs



Transparency achieved; each SIFI reduces annual costs by \$1 billion; industry reduces data faults, mitigates risk and retools infrastructure to achieve the STP vision